

1 AN ACT
2 RELATING TO TAXATION; PROVIDING ADDITIONAL GROSS RECEIPTS
3 AND COMPENSATING TAX EXEMPTIONS RELATED TO SPACE VEHICLES;
4 PROVIDING A COMPENSATING TAX DEDUCTION FOR THE USE OF
5 CERTAIN MATERIALS OR DEVICES USED IN RESEARCH OR TESTING;
6 AMENDING AND ENACTING SECTIONS OF THE GROSS RECEIPTS AND
7 COMPENSATING TAX ACT.

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

10 Section 1. A new section of the Gross Receipts and
11 Compensating Tax Act, Section 7-9-26.1 NMSA 1978, is enacted
12 to read:

13 "7-9-26.1. EXEMPTION--GROSS RECEIPTS TAX AND
14 COMPENSATING TAX--FUEL FOR SPACE VEHICLES.--

15 A. Exempted from the gross receipts tax are the
16 receipts from selling fuel, oxidizer or a substance that
17 combines fuel and oxidizer to propel space vehicles or to
18 operate space vehicle launchers.

19 B. Exempted from the compensating tax is the use
20 of fuel, oxidizer or a substance that combines fuel and
21 oxidizer to propel space vehicles or to operate space
22 vehicle launchers. "

23 Section 2. Section 7-9-30 NMSA 1978 (being Laws 1969,
24 Chapter 144, Section 23, as amended) is amended to read:

25 "7-9-30. EXEMPTION--COMPENSATING TAX--RAILROAD

1 EQUIPMENT, AIRCRAFT AND SPACE VEHICLES. --

2 A. Exempted from the compensating tax is the use
3 of railroad locomotives, trailers, containers, tenders or
4 cars procured or bought for use in railroad transportation.

5 B. Exempted from the compensating tax is the use
6 of commercial aircraft bought or leased primarily for use in
7 the transportation of passengers or property for hire in
8 interstate commerce.

9 C. Exempted from the compensating tax is the use
10 of space vehicles for transportation of persons or property
11 in, to or from space. "

12 Section 3. Section 7-9-54.2 NMSA 1978 (being Laws
13 1995, Chapter 183, Section 2, as amended) is amended to
14 read:

15 "7-9-54.2. GROSS RECEIPTS-- DEDUCTION-- SPACEPORT
16 OPERATION-- SPACE OPERATIONS-- LAUNCHING, OPERATING AND
17 RECOVERING SPACE VEHICLES OR PAYLOADS-- PAYLOAD SERVICES. --

18 A. Receipts from launching, operating or
19 recovering space vehicles or payloads in New Mexico may be
20 deducted from gross receipts.

21 B. Receipts from preparing a payload in New
22 Mexico are deductible from gross receipts.

23 C. Receipts from operating a spaceport in
24 New Mexico are deductible from gross receipts.

25 D. As used in this section:

1 (1) "payload" means a system, subsystem or
2 other mechanical structure or material to be conveyed into
3 space that is designed, constructed or intended to perform a
4 function in space;

5 (2) "space" means any location beyond
6 altitudes of sixty thousand feet above the earth's mean sea
7 level;

8 (3) "space operations" means the process of
9 commanding and controlling payloads in space; and

10 (4) "spaceport" means an installation and
11 related facilities used for the launching, landing,
12 operating, recovering, servicing and monitoring of vehicles
13 capable of entering or returning from space.

14 E. Receipts from the sale of tangible personal
15 property that will become an ingredient or component part of
16 a construction project or from performing construction
17 services may not be deducted under this section."

18 Section 4. A new section of the Gross Receipts and
19 Compensating Tax Act, Section 7-9-54.5 NMSA 1978, is enacted
20 to read:

21 "7-9-54.5. DEDUCTION--COMPENSATING TAX--SPACE-RELATED
22 TEST ARTICLES.--

23 A. The value of space-related test articles used
24 in New Mexico exclusively for research or testing, placing
25 on public display after research or testing or storage for

1 future research, testing or public display may be deducted
2 in computing compensating tax due. This subsection does not
3 apply to any other use of a space-related test article.

4 B. The value of equipment and materials used in
5 New Mexico for research or testing, or for supporting the
6 research or testing of, space-related test articles or for
7 storage of such equipment or materials for research or
8 testing, or supporting the research and testing of, space-
9 related test articles may be deducted in computing
10 compensating tax due. This subsection does not apply to any
11 other use of such equipment and materials.

12 C. As used in this section, a "space-related
13 test article" is a material or device intended to be used
14 primarily in research or testing to determine properties and
15 qualities of the material or properties, qualities or
16 functioning of a device or technology when the principal use
17 of the material, device or technology is intended to be in
18 space or as part of, or associated with, a space vehicle."

19 Section 5. EFFECTIVE DATE. --The effective date of the
20 provisions of this act is July 1, 2003. _____

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